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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 001846

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SUBJECT: WHA/AND DIRECTOR'S VISIT: CONSTITUTIONAL CHANGES
COMING

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Classified By: ACTING POLITICAL COUNSELOR DANIEL LAWTON,
REASONS 1.4 (B) AND (D)

¶1. (C) Summary. A wide range of Embassy contacts discussed Chavez' proposed constitutional changes September 12-14 with the Ambassador and visiting WHA/AND Director Chacon. There is widespread consensus among analysts, pro-Chavez and opposition politicians, and third country diplomats that Chavez is likely to win passage for his changes via a public referendum in early December. They cite Chavez' ability to tap state resources, the opposition's continuing disunity, and voter ignorance of the proposed changes as key factors playing to the government's advantage. A number of third country ambassadors said that while they believe Chavez' constitutional proposals are anti-democratic, they do not expect their governments to criticize the changes. Venezuelan American Chamber of Commerce leaders expressed particular concern about the potential impact of the constitutional changes on private property rights. Ambassador and WHA/AND Director Chacon reiterated continued U.S. support for shoring up democracy in Venezuela. End Summary.

Chavista NA Member: Confident of Passage

¶2. (C) National Assembly member Calixto Ortega told visiting WHA/AND Director Chacon he expected Venezuelan voters would approve President Chavez' proposed constitutional changes in an early December referendum. Ortega accused the opposition of distorting Chavez' constitutional package with "absurd messages," but opined that the opposition's arguments would not resonate with the majority of Venezuelan voters. Ortega said he and National Assembly member Francisco Torrealba plan to travel to Washington soon to defend Chavez' proposals. Ortega and Torrealba are two of the five National Assembly members seeking to form an inter-parliamentary "friendship" society with the U.S. Congress.

Pollster Predicts Passage

¶3. (C) Pollster Alfredo Keller told the Ambassador and WHA/AND Director that he expects Chavez will win a public referendum on his proposed constitutional changes. Noting that he started focus group studies ten days after Chavez

released his proposals, Keller said the majority of Venezuelans still have very little or no knowledge about Chavez' constitutional package. When presented with the potential democratic pitfalls of the proposed constitutional changes, many Venezuelans responded that they do not believe Chavez will actually do what he says. Keller said many poor, uneducated Venezuelans still assume the "people" can apply the breaks on Chavez if he goes too far.

14. (C) Keller noted that Chavez is not invulnerable, according to the polls. He noted that the opposition enjoys more solid support among Venezuelans than Chavez -- 34% to 20%. On the other hand, Chavez retains the support of an additional 36% of the electorate, while the opposition only attracts an additional 10% of the electorate beyond its core supporters. Keller said Chavez' success in setting up clientelist social programs, his charismatic message of social inclusion, and the state's ability to monopolize the information flow to its supporters ensures his majority support. He also stressed that the fear factor (50% of electorate do not believe their vote is secret) and the fact that some opposition parties advocate abstention tip the balance even farther in Chavez' favor.

Other Ambassadors: Concerned But Not Vocal

15. (C) The Ambassador invited his counterparts from the United Kingdom, Finland, Peru, and Colombia and the Charges from Canada and Mexico to share their views of Chavez' proposed constitutional changes. All stated frankly their concerns that the changes would undermine democracy in Venezuela. Peruvian Ambassador Luis Santa Maria Calderon said he believed Chavez is trying to copy Cuba's socialist model. Mexican Charge Nicolas Escalante suggested Chavez was replicating Cuban structures, but not ideology. Colombian Ambassador Fernando Marin Valencia highlighted the chasm

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between Chavez' socialist rhetoric and the prevailing Venezuelan culture of consumerism and individualism.

16. (C) All six senior diplomats predicted that Chavez would succeed in getting the changes passed in a public referendum. Asked how their governments would respond, the Latin American representatives said they did not expect their governments to be critical of Chavez' growing authoritarianism. Colombian Ambassador Marin stressed that Colombia must maintain constructive relations with its neighbors. Mexican Charge Escalante added that the Mexican government is trying to normalize relations with the BRV. Noting that Chavez' anti-democratic changes would be achieved via democratic means, UK Ambassador Catherine Royale said it would be difficult for HMG and the European Union to criticize the BRV.

Opposition Mayor Capriles: Long-Term Struggle

17. (C) Baruta Mayor Enrique Capriles Radonski told visiting WHA/AND Director Chacon that he believes Chavez will exploit state resources to ensure passage of his constitutional proposals. He said his Primero Justicia (PJ) party will continue to campaign for the referendum to be voted on in parts, not en bloc. PJ will also encourage Venezuelans to vote "no" should the reforms be bundled into a bloc public referendum. Capriles lamented that the opposition remained divided with some parties advocating abstention. The opposition's biggest challenge, he said, is to continue to work long-term for democratic change in Venezuela and to avoid being set back by another likely electoral defeat. Capriles, who still faces politically-motivated charges related to the April 2002 interregnum, said he personally has no "Plan B" to emigrate and is ready to go to jail to defend

democracy.

VenAmCham Members: Property Rights Concerns

¶8. (C) Senior members of the Venezuelan American Chamber of Commerce (VenAmCham) expressed concerns that new categories of property would diminish existing private property rights. Farid Antakly, a prominent lawyer and former VenAmCham President, stated that proposed constitutional amendments would create the concept of public, social, collective, and mixed property, alongside diminished private property rights.

Antakly noted that while the changes would recognize and guarantee the other proposed forms of property, it no longer fully guaranteed private property. For example, private property protections would now only be defined in terms of "use, consumption and legitimately acquired means of production." Noticeably absent is the right of disposition. (Comment: One must assume that the State would be the arbiter of what private property fit the "legitimately acquired means of production" test. The four additional types of proposed property are fundamentally state/collective property at their core. End Comment).

¶9. (C) The business leaders also said they are troubled by provisions to reduce the workday to six hours and limit the work week to 36 hours, as well as the removal of the Central Banks de jure autonomy. They considered such changes fundamental in nature. WHA/AND Director Chacon did not have the opportunity to clear this message before departing Caracas.

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